

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2011
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:
Tax-exempt: \$7,500,000

Project Information:
Name: Shasta Court Aaprtments
Project Address: 96 Shasta Court
Project City, County, Zip Code: Chowchilla, Madera, 93610

Project Sponsor Information:
Name: 2 Elm Ave, L.P. (Corporation for Better Housing)
Principals: Gwendy Silver Egnater, David Sclafani and Rob Tidd for Corporation for Better Housing.

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Hunt Capital Partners, LLC
TEFRA Hearing Date: April 14, 2011

Description of Proposed Project:
State Ceiling Pool: Rural
Total Number of Units: 59, plus 1 manager unit
Type: New Construction
Type of Units: Family

The apartments will be located in four 2-story buildings, and will include parking spaces for both residents and visitors. The planned 59 unit development wil include 40 two-bedroom units and 19 three-bedroom units. The development will share the one-story 3,223 square foot clubhouse adjacent to the Shasta site. All of the apartments will be designed for energy efficiency and include energy efficient appliances. Common amenities include laundry facilities, a perimeter fence, gated entry, one-story clubhouse/community building with common kitchen, computer room with high speed internet connection, barbecue area, playground tot lot and on-site management.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (59 units) restricted to 50% or less of area median income households.
Unit Mix: 2 & 3 bedrooms

Project is within easy walking distance to local schools and shopping.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	13,318,003	
Estimated Hard Costs per Unit:	\$	130,513	(\$7,700,278 /59 units)
Estimated per Unit Cost:	\$	225,729	(\$13,318,003 /59 units)
Allocation per Unit:	\$	127,119	(\$7,500,000 /59 units)
Allocation per Restricted Rental Unit:	\$	127,119	(\$7,500,000 /59 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 7,500,000	\$ 0
Developer Equity	\$ 0	\$ 456,192
LIH Tax Credit Equity	\$ 96,716	\$ 4,151,211
Direct & Indirect Public Funds	\$ 5,220,000	\$ 8,710,600
Total Sources	\$ 12,816,716	\$ 13,318,003

Uses of Funds:	
Land Purchase	\$ 665,000
On & Off Site Costs	\$ 1,238,366
Hard Construction Costs	\$ 6,461,912
Architect & Engineering Fees	\$ 259,200
Contractor Overhead & Profit	\$ 428,000
Developer Fee	\$ 945,000
Cost of Issuance	\$ 122,533
Other Soft Costs (Marketing, etc.)	\$ 3,197,992
Total Uses	\$ 13,318,003

Description of Financial Structure and Bond Issuance:

Hunt Capital Partners, LLC (Hunt Capital) will purchase \$7,500,000 bond issuance through a private placement. Additional construction financing sources are a City of Chowcilla State HOME loan, a Federal HOME loan from Bank of San Francisco and Tax Credit Equity investment from Hunt Capital. The permanent debt will be provided through a USDA RHS 514 Loan with the balance of the development costs being funded from Hunt Capital Tax Credit Equity, City of Chowcilla State HOME loan, Federal HOME Loan Bank of San Francisco and a deferred developer fee. The USDA RHS 514 permanent loan carries a 1.00% fixed interest rate and will be amortized over 33 years. The anticipated closing date of the bonds is September 2011.

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points: 77.6 out of 118

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$7,500,000 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	7.6
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
Total Points	118	98	77.6

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.